



U.S. Senator Judd Gregg, Chairman

Senate Committee on Health, Education, Labor and Pensions

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Contact: Christine Iverson

(202) 224-6770

From Neiman Marcus Pajamas to Silver Sets from Tiffany's, DC and Miami Teachers Lose Millions to Union Corruption

Washington, DC—In a hearing before the Senate Committee on Health, Education, Labor and Pensions today union officials, labor department officials, and a Washington DC teacher testified about the impact of union corruption scandals in Washington DC and Miami on teachers who belong to those organizations.

“Our hearing today is an investigation into two scandals that have called into question some of our nation’s basic worker protections. Money earned by thousands of hard working public school teachers in Washington, D.C. and Miami, Florida was squandered by and used to fund the extravagant lifestyles of a few union officials, and no one knew until it was too late,” said Senator Gregg (R-New Hampshire), Chairman of the Committee on Health, Education, Labor and Pensions.

“The goal of labor unions is to protect the rights of American workers from abuses by their employers. But we also need make sure we have adequate safeguards in place to protect the rights of American workers from abuses by unions as well. I am confident that our discussion today will lead us closer to finding that balance,” Gregg said.

Department of Labor officials also testified about the difficulty in overseeing corruption at unions under law. Lary F. Yud, Deputy Director of the Office of Labor-management Standards testified that between 1990 and 2002, the agency’s staff resources declined nearly 40 percent, leaving it with insufficient resources to manage an effective audit program. The agency responsible for overseeing nearly 1,500 unions in Maryland, the District of Columbia and Virginia, but because of the size of its staff, it only has resources to conduct three audits each year. **This means the average union has a chance of being audited approximately once every 500 years.**

Yud testified that the President’s budget requests funding for an additional 75 staff positions to conduct audits to protect workers from union corruption. The agency is also enhancing reporting standards to provide for improved disclosure to discourage and make it easier to catch financial mismanagement and embezzlement.

Recent investigations by the FBI and the U.S. Department of Labor have disclosed that union officials in Washington, DC and Dade County in Miami spent vast sums of union money to fund lavish personal lifestyles, purchasing everything from \$175 python-print pajamas from Neiman Marcus to \$57,000 on a Tiffany’s sterling silver set. (see attached list).

Examples of Misuse of Union Dues

Teachers, who have historically been members of one of the lowest paid professions in the nation, had hundreds of dollars taken from their paychecks to pay their union dues. Below are examples of just a few of the items Washington, DC and Miami, FL union officials purchased with money provided from teacher paychecks:

Neiman Marcus PJ's: From the Neiman Marcus catalog, United Teachers of Dade (UTD) President Pat Tornillo bought a pair of python-print pajamas for \$175.73...and the matching robe for \$149.10.

Counseling Sessions: United Teachers of Dade members footed the bill for 77-year-old Tornillo and his wife to attend several sessions at the Sinclair Intimacy Institute, whose motto is "Better Relationships, Better Sex."

Flat Screen TV's: Washington Teachers Union Special Assistant Gwen Hemphill purchased a plasma, flat-screen television for her home from Graffiti Audio-Video with \$12,999 of union finances.

DC School Choice: Washington Teacher Union's Hemphill gave her daughter and son-in-law thousands of union dollars so they could pay for tuition for their children to attend a private school.

Luxury Hotels, at Home: UTD's Tornillo spent \$20,138.53 of UTD funds for an eight-night stay in a \$2,000-a-night suite at the Mandarin Oriental hotel in Miami. During his stay, Tornillo regularly ordered room service, used the bar, had clothes laundered, and lounged in the spa. Tornillo's apartment is just 300 yards from the hotel.

Breakfast from Tiffany's: WTU President Barbara Bullock spent \$57,000 on a 288-piece Tiffany sterling silver set at MS Rau Antiques in New Orleans.

Chauffeurs: WTU's Bullock paid Leroy Holmes over \$100,000 of union dues in cash to be her personal chauffeur.

Cash for Retirement: Tornillo set up a secret reserve fund of UTD funds so he and a handful of other UTD leaders would receive large cash payouts upon their retirements. Tornillo was personally scheduled to collect roughly \$663,000.

Paid by Labor AND Paid by Management: From 1997 to 2000, WTU members paid James Baxter a total of \$129,544 to serve as WTU Treasurer. However, at the same time, Baxter was also a full-time employee of the D.C. Government, earning \$ 96,273 a year. Baxter served as director of the D.C. Office of Labor Relations and Collective Bargaining until mid-2000, representing the Mayor's office in negotiations with labor unions.

Everything but the Kitchen Sink: Thousands of dollars of the Miami union's funds were spent to cover Tornillo's home phone bills, power bills, home insurance, groceries, Christmas gifts, and liquor, even though his salary included \$42,700 a year to cover any union expenses he might incur, no receipts required.

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